

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

March 19, 2003

IN RE:

**PETITION OF ON-SITE SYSTEMS, INC. TO
REVISE THE MONTHLY RESIDENTIAL SEWER
CHARGE FOR SOUTHRIDGE SUBDIVISION IN
MONTGOMERY COUNTY, TENNESSEE**

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**DOCKET NO.
02-01219**

**ORDER APPROVING CORRECTED PETITION OF ON-SITE SYSTEMS, INC.
TO REVISE THE MONTHLY RESIDENTIAL SEWER CHARGE**

This matter came before Chairman Sara Kyle, Director Deborah Taylor Tate, and Director Pat Miller of the Tennessee Regulatory Authority (the "Authority"), the voting panel assigned to this docket, to consider, pursuant to Tenn. Code Ann. § 65-5-203, the *Petition* filed on November 22, 2002 by On-Site Systems, Inc. ("On-Site"), as amended by the *Corrected Petition* filed on January 29, 2003.¹ In the *Petition* and *Corrected Petition*, On-Site requests an increase in its monthly residential sewer charge, and a corresponding modification in its tariff, for its service area known as the Southridge Subdivision ("Southridge"), which is located in Montgomery County, Tennessee. The voting panel considered this matter at a Hearing commenced on January 28, 2003 and at a continuation of this Hearing conducted during the regularly scheduled Authority Conference held on February 3, 2003.

Southridge is one of many small, geographically separated service areas for which On-Site provides sewer service. The TRA granted On-Site the authority to serve Southridge by

¹ On-Site also filed an amended petition on November 26, 2002 to amend the caption of its November 22, 2002 filing. The November 26, 2002 filing is in all other respects identical to the November 22, 2002 *Petition*.

Order dated August 4, 1997 in Docket No. 97-01104.² On-Site's service to Southridge differs from its service to all of its other service areas. Instead of treating effluent in its own self-contained treatment system, as in its other areas, On-Site's Southridge system only collects effluent. The effluent is then treated by the treatment system of the City of Clarksville (the "City"). Part of On-Site's charge to its Southridge customers, as reflected in On-Site's approved tariff for this area, is the City's charge to On-Site for sewer service, which is passed through to the Southridge customers in addition to the amount On-Site charges for its services.

According to On-Site's president, Mr. Charles Pickney, the effluent from the Southridge system is delivered to a manhole that connects to the City's system.³ This arrangement exists pursuant to a February 13, 1998 contract between On-Site and the City, a copy of which was filed with On-Site's November 22, 2002 *Petition*. This contract provides:

On-Site shall coat the interior of the existing manhole on the City's wastewater system with a material that is specifically formulated to resist the corrosive effects of sewer gases. If the discharge is noted to be an objectionable odor problem, On-Site shall input the necessary odor control chemicals or install odor control equipment to control the odor problem.⁴

On-Site's November 22, 2002 *Petition* and supporting testimony stated that the City informed On-Site that there was an odor problem and directed On-Site to take corrective action pursuant to the 1998 contract. In its November 22, 2002 *Petition* and documents filed therewith, On-Site requested a rate increase of \$2.28 per customer per month to cover the costs of adding

² On April 4, 1994, On-Site received a certificate of public convenience and necessity in Docket No. 93-09040 from the Tennessee Public Service Commission to provide wastewater service to the Oakwood Subdivision in Maury County. Since that time, through various other dockets, On-Site has been granted approval to expand its service territory to include other areas in Tennessee.

³ At the January 28, 2003 Hearing, Mr. Pickney testified:

Well, I can say this, that all of our systems – and we've go over 25 now across the state—odor is not a problem with our systems normally because it's all sealed until we get to the treatment plant. And there we have no odor problems either. But in this case it was a new venture for us to just use what amounts to the collection part of our system, the front part, and discharge into a city manhole.

Transcript of Hearing, p. 15 (January 28, 2003).

⁴ Contract between On-Site and the City of Clarksville, p. 2 (February 13, 1998).

chemicals to the effluent to correct the odor problem.

A Hearing on On-Site's *Petition* commenced on January 28, 2003 pursuant to a notice issued by the Authority on December 20, 2002. On-Site was represented by Mr. Pickney. During the Hearing, Mr. Pickney submitted documentation showing that notice of the proposed rate increase was published on January 6, 2003, in the *Leaf Chronicle*, a newspaper of general circulation in the Southridge area, pursuant to Authority Rule 1220-4-1-.05.⁵ No members of the public attended the Hearing. During the Hearing, upon examination of the documentation filed in support of the rate increase, the Directors determined that the calculations relied upon to produce the \$2.28 figure were incorrect. Mr. Pickney stated upon further examination that the calculations were in error. The Hearing was then continued. Mr. Pickney was directed to refile the *Petition* containing the correct calculations and rate increase amount and to republish notice of the rate increase in the *Leaf Chronicle*.

On January 29, 2003, On-Site filed the *Corrected Petition*, in which On-Site requests a rate increase of \$4.56 per customer per month to cover the costs of chemicals to alleviate the odor problem. With the *Corrected Petition*, On-Site also filed a revised rate schedule for Southridge reflecting the corrected calculation.

In its January 31, 2002 response to a TRA data request, On-Site provided additional information regarding its rate increase request. On-Site provided copies of nine letters from the City to On-Site, the first dated June 8, 1998 and the last dated April 5, 2002, in which the City stated that there was an odor problem about which the City had received complaints and insisted that On-Site use chemicals to alleviate this problem. In a letter from On-Site to the City dated April 10, 2002, On-Site disputed the City's contention. On-Site's data response states:

⁵ Tenn. Comp. R. & Regs. § 1220-4-1-.05.

In response to this correspondence, on April 15, 2002, Charles Pickney, Robert Pickney and James Stinnett met with the officials from the City of Clarksville at the City Gas and Water Department office on Madison Street in Clarksville, Tennessee. In that meeting, Mr. Dwight Lutton, Manager of the Department stated that the neighbors living near the point of our effluent discharge had been complaining of odor problems. Charles Pickney asked for the names and addresses of the people and on April 25, 2002, we received the attached list by facsimile from the City Gas and Water Department.

Charles Pickney contacted the people and on Monday, April 29, 2002, visited with each homeowner. Each of the individuals confirmed that the problem had been serious and ongoing for several months. Amy Bagwell of 2883 Chinquapin Lane, stated that on many occasions, the odor was so bad that she could not open her windows or go outside to use her deck.⁶

At the January 28, 2003 Hearing, Mr. Pickney testified regarding the chemical On-Site is using to alleviate the odor problem. He stated that On-Site uses a chemical known as Bioxide purchased from USFilter, which he stated is the only supplier in this region for this chemical. Mr. Pickney stated that he tried other chemicals, but Bioxide works best and is the least expensive. He stated that the City uses Bioxide and approves of its use.⁷

The Hearing was reconvened during the Authority Conference held on February 3, 2003 pursuant to public notice issued by the Authority on January 28, 2003. At that time, Mr. Pickney confirmed that the amount stated in the November 22, 2002 *Petition* was in error and the correct amount should be \$4.56 per customer per month. Mr. Pickney submitted documentation showing that on January 30, 2003, On-Site published notice in the *Leaf Chronicle* that the corrected rate request would be considered at a continuation of the Hearing on February 3, 2003. Upon consideration of the *Petition*, the *Corrected Petition*, and the entire record in this matter, the voting panel unanimously approved the *Corrected Petition* and the revised rate schedule filed therewith.

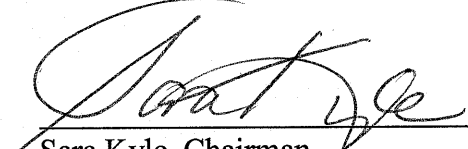
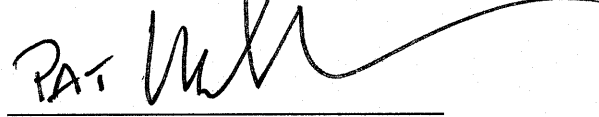
⁶ Response to Data Request, p. 2 (January 31, 2003).

⁷ Transcript of Hearing, pp. 10-13 (January 28, 2003).

IT IS THEREFORE ORDERED THAT:

1. The *Corrected Petition* of On-Site Systems, Inc. to change the monthly residential sewer rates for its customers in the Southridge Subdivision in Montgomery County, Tennessee, along with the corrected rate schedule filed therewith, is approved.

2. On-Site's request for approval of an increase of \$4.56 in its monthly residential sewer charge for its customers in the Southridge Subdivision in Montgomery County, Tennessee is granted.


Sara Kyle, Chairman
Deborah Taylor Tate, Director
Pat Miller, Director